



**EVALUATION OF
THE WELFARE-TO-WORK
COMPETITIVE GRANT AWARD PROCESS
(ROUNDS TWO AND THREE)**

EMPLOYMENT AND TRAINING ADMINISTRATION

Report No. 2E-03-386-0002

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ACRONYMS AND GLOSSARY

ACRONYMS

CBO	-	Community Based Organization
CFR	-	Code of Federal Regulations
DOL	-	U.S. Department of Labor
ETA	-	Employment and Training Administration
GOTR	-	Grant Officer's Technical Representative
OIG	-	Office of Inspector General
OGCM	-	Office of Grant and Contract Management
SGA	-	Solicitation for Grant Application
TANF	-	Temporary Aid to Needy Families
WIB	-	Workforce Investment Board
WTW	-	Welfare-to-Work

GLOSSARY

Work First: The primary focus of "Work First" is based on the TANF concept of placing individuals in employment activities. The "Work First" approach recognizes that individuals may be provided, when appropriate, with educational and skill based training that is job related. Other services may also be provided to ensure lasting employment and the achievement of self-sufficiency.

EXECUTIVE SUMMARY

At the request of the Senate Committee on Small Business, Senator Christopher S. Bond, Chairman, we conducted this evaluation to assess the effectiveness of the Welfare-to-Work (WtW) Rounds Two and Three competitive grant award process. This evaluation is a follow-up to our previous evaluation of the WtW Round One competitive grant award process (OIG Evaluation No. 2E-03-386-0001). The current evaluation was designed to examine the WtW grant award process, and provide information on lessons learned and recommendations for any necessary improvements in ETA's future competitive grant award process.

The WtW program assists States and local communities to provide the transitional employment assistance needed to move hard-to-employ recipients of Temporary Assistance to Needy Families (TANF) into lasting unsubsidized jobs (self-sufficiency). WtW grants are targeted to assisting those TANF recipients, and certain non-custodial parents, who have experienced, or have characteristics associated with, long-term welfare dependence.

RESULTS OF EVALUATION

ETA took steps to improve the grant award process for Rounds Two and Three. We were told by grantees that the steps taken increased the overall effectiveness of the WtW competitive grant award process. However, based on our analysis and additional information provided by the grantees, we identified areas where the competitive grant award process could be improved.

FINDING - ETA COULD HAVE BEEN MORE EFFECTIVE IN IMPLEMENTING THE WtW GRANT AWARD PROCESS

We found that ETA could have been more timely and provided more useful assistance to prospective and actual grantees.

Timeliness. Our examination of the WtW competitive grant processing time disclosed that the average number of days between the close of the Solicitation for Grant Applications (SGA) and the award of the WtW grants increased between Rounds One, Two and Three. We believe this increase in ETA processing time ultimately delayed the delivery of services to TANF recipients.

We found that for Round One it took 57 days; for Round Two, it took 92 days; for Round Three, 102 days. ETA attributed this increase in processing time to: (1) additional services provided to applicants, (2) an increase in familiarity with rules and regulations, and (3) an increase in the number of applications received for Rounds Two and Three.

In our view, the explanations provided by ETA do not adequately address the increase in WtW grant award process time. While the number of applications increased between Rounds One and Two, there was a significant decrease between Rounds Two and Three, thereby casting doubt on this explanation.

Additionally, any increase in ETA's familiarity with rules and regulations should have decreased the grant award process time.

Assistance to prospective and actual grantees. As part of our evaluation process, we interviewed grantees to obtain information regarding the effectiveness of the WtW competitive grant award process. Overall, grantees expressed satisfaction with the services provided by ETA. However, several grantees told us that ETA could have provided more useful assistance during the competitive grant award process. Following are examples suggested by the grantees where ETA could have provided additional assistance.

1. ETA could have provided additional assistance to grantees in their coordination and development of working relationships with State and local TANF agencies. We were told by many grantees that TANF agencies inhibited the overall effectiveness of the WtW program by withholding referrals and serving clients themselves. Ultimately, this results in TANF recipients being denied the maximum assistance and services available to them. Furthermore, the grantees face additional obstacles in meeting their established goals and objectives under their WtW grant.
2. Terminology and criteria such as Work First Principle and Innovation could have been more clearly defined. **(This is a repeat finding from our previous evaluation and is being provided for informational purposes only.)**
3. Training sessions (Bidder's conferences) could be localized, provided more frequently, and advertised in a more effective manner. These actions would allow more community based organizations, who may have limited funding, to travel to the session to attend.
4. The website could have been organized in a more user friendly manner which would allow grantees to obtain needed information without having to search through information unrelated to their individual needs. Grantees told us that the information could have been organized by topical areas. Further, many grantees complained that the website was frequently inaccessible due to technical difficulties.
5. ETA's Grant Officer's Technical Representatives (GOTRs) can provide more effective assistance. Many grantees told us that the GOTRs did not always provide timely responses to their questions and concerns. Several grantees told us that ETA has not adequately defined the role of the GOTR.

RECOMMENDATIONS

We believe that ETA needs to consider the suggestions made by the grantees in order to improve the current WtW program and to become more efficient and effective in future competitive grant award processes. We recommend that ETA:

1. Develop and implement a tracking system for each step of the grant application award process to

identify issues affecting efficiency and effectiveness.

2. Provide additional assistance to grantees in coordinating and developing working relationships with State and local TANF agencies.
3. Consider offering Bidders' conferences at additional locations and advertising the specific conferences in the SGA.
4. Improve the organization of the various categories within the website and implement a system to adequately recognize and address any technical problems.
5. Instruct GOTRs to provide grantees with timely responses to their questions and concerns. We also recommend that ETA adequately define the role of the GOTR to grantees.

ETA COMMENTS

The report should note that despite the identified concerns, the Grant Management process was conducted in an effective manner. This seems to be obscured by the report's finding which states that "ETA could have been more effective in implementing the WtW grant award process." In addition, we observed that the evaluation was devoid of GOTR input, yet the report reflects negatively on the GOTRs involvement in the administration of the grants, based solely on comments received from selected grantees.

In the exit conference, ETA was surprised to hear that the OIG had decided to expand its mandate to cover ETA "assistance to prospective and actual grantees" versus the more singular focus of your Round One review on the selection process alone. Nonetheless, we are pleased to note your conclusion that "Overall, grantees expressed satisfaction with the services provided by ETA."

ETA is concerned, however, that the draft mentions that "several grantees told us that ETA could have provided more useful assistance during the competitive grant award process." One hundred and forty-one grant awards were made as a result of the Round Two and Three WtW competitions. While all of our customers are important to us, as well as their advice, it is unclear whether the "several" grantees you mention reflect an adequate picture of the universe of Round Two and Three awardees. It is of interest to us how many of the 141 were visited and expressed the need for more useful assistance.

OIG's RESPONSE

While ETA is correct in noting that there were many positive accomplishments in the Rounds One, Two

and Three competitive grant award processes, based on our analysis and additional information provided by the grantees, we identified areas where the competitive grant award process could be improved.

ETA incorrectly stated that the evaluation was devoid of GOTR input. We interviewed GOTRs during the course of our evaluation and considered their input in reaching our conclusions. It is perplexing that ETA stated that the report reflects negatively on the GOTRs, yet in interviews and documentation provided to the OIG, ETA agreed that GOTRs can provide more effective assistance and stated in its written response to the draft report that “many GOTRs assigned regionally to WtW grantees are less experienced (the more seasoned having been drawn off to oversee the implementation of the Workforce Investment Act).”

As stated in the Purpose and Methodology section of this report, we sampled 31 grantees from Rounds two and three (approximately 22 percent). The sampled grantees represented all five of the WtW regions identified in the Solicitation for Grant Applications. Of the 31 grantees which we interviewed, the vast majority (approximately 70 percent) expressed the need for more useful assistance. Detailed results of the 31 grantees response to each of the five areas where ETA could have provided more useful assistance is located in the Finding and Recommendation section of this report.

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A summary of ETA’s response to our finding, as well as our comments, is included in the finding and recommendations section of this report. ETA’s complete written response is attached as Appendix A.

BACKGROUND

The Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996, reformed the nation's welfare laws. It created a new system of block grants to the States for Temporary Assistance for Needy Families (TANF), changing the nature and provision of welfare benefits in America. One of the primary goals of the new welfare laws was to move people from welfare towards self-sufficiency by providing lasting, unsubsidized jobs. The Balanced Budget Act of 1997 helped to achieve this purpose by authorizing the Department of Labor to provide Welfare-to-Work (WtW) Grants to States and local communities, in order to create additional job opportunities for the hardest-to-employ TANF recipients. These grants have provided many welfare recipients with job placement services, transitional employment, and other support services needed to make the successful transition into long-term unsubsidized employment. On November 29, 1999, the President signed the WtW and Child Support Amendments of 1999 which make programmatic changes that simplify eligibility for the WtW program.

The WtW grants totaled \$3 billion during fiscal years 1998 and 1999. There are two kinds of grants: (1) Formula Grants to States, and (2) Competitive Grants to local communities. Grantees have up to three years to spend the funds. As of October 1, 1999, the WtW program has allocated all of its grant funds to States, communities and tribes. The 25 percent of funds not allocated by formula were used for competitive grants awarded directly by the Secretary of Labor to local governments, private industry councils, and other entities (such as community development corporations and community-based organizations, community action agencies, and other private organizations) that applied in conjunction with a Private Industry Council or local government. The Secretary of Labor gave special consideration to cities with large concentrations of poverty as well as to rural areas.

According to the Balanced Budget Act of 1997, at least 70 percent of grant funds must be expended to provide services to long-term TANF recipients who meet two of three specified barriers to employment and to non-custodial parents who meet the barriers and whose children are long-term TANF recipients. The 1999 WtW Amendments remove the requirement that the long-term TANF recipients must meet additional barriers to employment. Therefore, TANF recipients are eligible if they have received assistance for at least 30 months, if they are within 12 months of reaching their TANF time limit, or if they have exhausted their receipt of TANF due to time limits.

In addition, under the 1999 WtW Amendments, non-custodial parents are eligible if they meet the following requirements. First, they must be unemployed, underemployed, or having difficulty making child support payments. Second, their minor children are eligible for, or receiving, TANF benefits (with a priority for parents with children who are long-term TANF recipients); have received TANF benefits during the preceding year; or are eligible for, or receiving, assistance under the Food Stamps program, the Supplemental Security Income program, Medicaid, or the Children's Health Insurance Program. Third, they must enter into a personal responsibility

contract under which they commit to cooperate in establishing paternity, paying child support, and participating in services to increase their employment and earnings to enable them to support their children.

The amendments also require grantees to consult with domestic violence organizations in developing projects to serve non-custodial parents. Also under the Balanced Budget Act of 1997, projects may also spend up to 30 percent of grant funds on TANF recipients and non-custodial parents who have characteristics associated with long-term dependency. Although the WtW Amendments of 1999 delete the non-custodial parent provision from this category, it adds youth who have formerly received foster care services, custodial parents with incomes below the poverty line, and TANF recipients who face barriers to self-sufficiency under criteria established by the local workforce investment board or private industry council.

The Senate Committee on Small Business, chaired by Senator Christopher S. Bond, expressed concerns regarding the awarding of the WtW competitive grants. Senator Bond requested that the OIG assess DOL on: (1) the competitive grant making process, including an examination of due diligence, (2) whether the WtW grantees were allowed to correct identified deficiencies before federal funds were awarded, and (3) the implementation of all OIG suggested recommendations.

PURPOSE AND METHODOLOGY

PURPOSE

At the request of the Senate Committee on Small Business, Senator Christopher S. Bond, Chairman, we conducted this evaluation to assess the effectiveness of the Welfare-to-Work (WtW) Rounds Two and Three competitive grant award process. This evaluation is a follow-up to our previous evaluation of the WtW Round One competitive grant award process (OIG Evaluation No. 2E-03-386-0001). The current evaluation was designed to examine the WtW grant award process, and provide information on lessons learned and recommendations for any necessary improvements in ETA's future competitive grant award process.

METHODOLOGY

Our methodology included: 1) interviews with ETA Office of Grant and Contract Management and Office of Adult Services/WtW staff, 2) reviews of Federal documents, and 3) interviews with randomly selected grantees from Rounds Two and Three.

Review of Federal Policies and Interviews with ETA Staff

We outlined the grant selection process by interviewing ETA staff and examining the following grant related documents: a) the SGA, b) the Interim Final Regulation of the WtW program, c) the Procedural Guidance For Panel Review For Solicitation For Grant Application, d) Employment and Training Order Number 2-87 concerning procurement management, and e) the General Records Schedule 3 for Procurement, Supply and Grant Records.

These documents formed the foundation for our analysis of ETA's compliance with Federal Regulations and shaped many of the findings and recommendations given to ETA concerning both the pre-award grant selection process and records maintenance.

Review of Solicitation for Grant Application

Our review of the Solicitation for Grant Application identified five weighted criteria (Relative Need for Assistance, Innovation, Outcomes, Local Collaboration and Sustainability, and Demonstrated Capacity) and the "Areas of Special Interest".

Statistical Sampling of Awarded Grant Applicants

We used the database provided by ETA to identify awarded grant applicants for Rounds 2 and 3.

Using a proportional allocation formula with a weighted sample design, we generated a random sample of grantees to interview.

ETA's Office of Grant and Contract Management (OGCM) awarded a total of 75 grants in Round Two and 64 grants in Round Three. We sampled 31 grantees encompassing both rounds, each of the sampled organizations are representative of the five WtW regions identified in the Solicitation for Grant Application.

We conducted our review in accordance with the *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency.

FINDING AND RECOMMENDATIONS

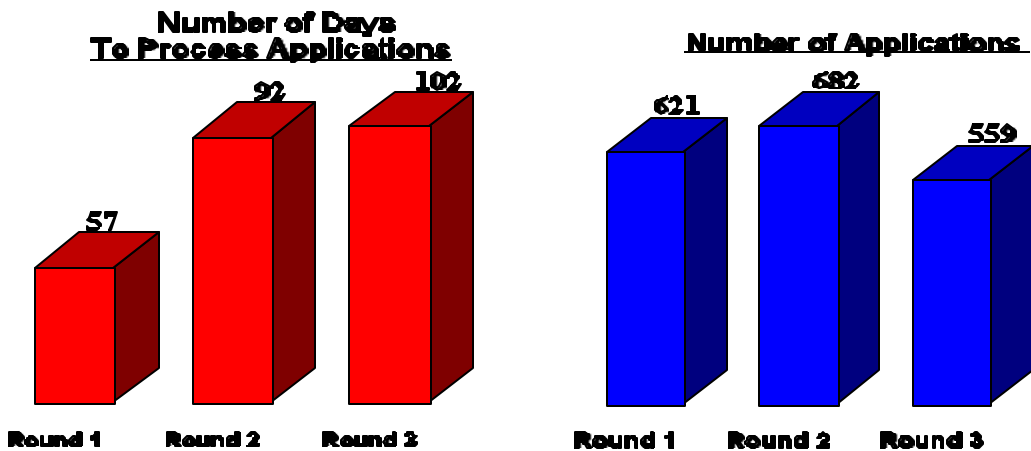
FINDING - ETA COULD HAVE BEEN MORE EFFECTIVE IN IMPLEMENTING THE WtW GRANT AWARD PROCESS

We found that ETA could have been more timely and provided more useful assistance to prospective and actual grantees.

TIMELINESS

Our examination of the WtW competitive grant processing time disclosed that the number of days between the close of the Solicitation for Grant Applications (SGA) and the award of the WtW grants increased between Rounds One, Two and Three. We believe this increase in ETA processing time ultimately delayed the delivery of services to Temporary Aid to Needy Family (TANF) recipients.

As shown by the following graphs, we found that for Round One it took 57 days for ETA to process WtW grant applications and announce grant awards; for Round Two, it took 92 days; for Round Three, 102 days. This increase in processing time occurred despite the fact that the number of applications processed by ETA decreased between Rounds One and Three.



ETA attributed this increase in processing time to: (1) additional services provided to applicants, (2) an increase in familiarity with rules and regulations, and (3) an increase in the number of applications received for Rounds Two and Three. We do not believe that the explanations provided by ETA adequately address the increase in WtW competitive grant award process time.

While the number of applications increased between Rounds One and Two, there was a significant decrease between Rounds Two and Three, thereby casting doubt on this explanation. Additionally, in

our view, any increase in ETA's familiarity with rules and regulations should have decreased the grant award process time.

ETA Comments

The report failed to capture all of the explanations provided to the OIG evaluators, and, thus, rendered an unfounded conclusion. For example, it was explained that new requirements were added to Rounds two and three. Specifically, for each application that received a rating within the competitive range, DFA was required, according to the SGA, to conduct a past performance review for these applicants. In round two, 348 of the 682 application fell within this category. ETA sought confirmation of the applicants' performance history before making grant awards, and this took considerable time and effort. In addition, the report should consider the fact that ETA is constantly saddled with multiple and/or overlapping solicitations and other competing priorities which deplete staff resources and, thus, require the discretionary use of staff time for some activities over others.

OIG's Response

The report accurately reflects the explanations previously provided by ETA. In its written response to the draft report, ETA adds the explanation that new requirements were added to Rounds two and three such as conducting a past performance history. According to ETA's Special Program Services Unit, the same past performance review/responsibility review was conducted for all three rounds. In our view, this explanation does not adequately address the increase in WtW grant application processing time.

We appreciate that ETA has competing priorities in executing other solicitations; however, ETA has the responsibility for processing grant applications in an efficient and timely manner.

ASSISTANCE TO PROSPECTIVE AND ACTUAL GRANTEEES

As part of our evaluation process, we interviewed grantees to obtain information regarding the effectiveness of the WtW competitive grant award process. Overall, grantees expressed satisfaction with the services provided by ETA. However, several grantees told us that ETA could have provided more useful assistance during the competitive grant award process. Following are examples suggested by the grantees where ETA could have provided additional assistance.

- 1. ETA could have provided additional assistance to grantees in their coordination and development of working relationships with State and local TANF agencies. We were told by many grantees that TANF agencies inhibited the overall effectiveness of the WtW program by withholding referrals and serving clients themselves. Ultimately, this results in TANF recipients being denied the maximum assistance and services available to them. Furthermore, the grantees face additional obstacles in meeting their established goals and**

objectives under their WtW grant. A total of 22 out of the 31 grantees (or 71%) that we interviewed told us that ETA could have provided additional assistance.

Many grantees stated that local TANF agencies felt that they were in competition for clientele. These grantees believe that ETA could provide additional assistance to identify and mediate those potential conflicts. Some State TANF agencies and WtW competitive grantees have been very pro-active in addressing these issues. Many grantees would like to see ETA, along with their Health and Human Services grant counterpart, take a lead in thoroughly clarifying each entity's function.

- 2. Terminology and criteria such as Work First Principle and Innovation could have been more clearly defined. (*This is a repeat finding from our previous evaluation.*) A total of 27 out of the 31 grantees (or 87%) that we interviewed told us that ETA could have provided additional assistance.**

We found that many of the established Community Based Organizations (CBO's), Local Private Industry Council/Workforce Investment Boards (WIB's), and local TANF agencies who had previous experience working with Federal Grant Solicitations had little problem understanding the "Work-First" legislative requirement or the term "innovative". However, grassroots CBO's and non-traditional/first-time grantees told us they had problems with this terminology and criteria. Grantees told us that it would be useful if the "Work-First Principle" was included in the program criteria section of the SGA. Regarding innovation, many grantees had different perceptions of what "innovation" meant. Grantees noted that the spirit of "innovation" meant that ETA was soliciting applicants to create a new program and service delivery system.

- 3. Training sessions (Bidder's conferences) could be localized, provided more frequently, and advertised in a more effective manner. These actions would allow more community based organizations, who may have limited funding, to travel to the session to attend. A total of 24 out of the 31 grantees (or 77%) that we interviewed told us that ETA could have provided additional assistance.**

ETA sponsored five live Bidders' conferences in several locations. Bidders' conferences were also broadcasted to community colleges and other community accessible venues. Many grantees expressed concern that grassroots CBO's and those with limited funds were at a disadvantage because they did not have the resources to attend either a live conference or a telecast at one of the alternative venues. Further, ETA should have provided dates and locations of the Bidders' conferences in the SGA.

- 4. The website could have been organized in a more user friendly manner which would allow grantees to obtain needed information without having to search through information unrelated to their individual needs. Grantees told us that the information could have been organized by topical areas. Further, many grantees complained that the Website was frequently inaccessible due to technical difficulties. A total of 18 out of the 31 grantees (or 58%) that we interviewed told us that ETA could have provided additional assistance.**

ETA's WtW website was used by grantees for both pre-award guidance and as a post-award programmatic resource. Many grantees expressed concern over website's technical problems and felt that the website's question and answer (Q&A) section could be better organized.

Grantees told us that they had to read through numerous unrelated Q&A's before finding answers to their specific questions. Grantees stated that the current process leads to inefficiency and frustration because of the required effort to find the answers to their questions. Grantees believe that it would be useful if ETA organized the question and answer section by descriptive topical categories.

- 5. ETA's Grant Officer's Technical Representatives (GOTRs) can provide more effective assistance. Many grantees told us that the GOTRs did not always provide timely responses to their questions and concerns. Several grantees told us that ETA has not adequately defined the role of the GOTR. A total of 17 out of the 31 grantees (or 55%) that we interviewed told us that ETA could have provided additional assistance.**

ETA Comments and OIG Response to Items Related to Assistance to Prospective and Actual Grantees
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ETA Comments

Item 1. In the OIG debriefing, ETA described the process it undertook to address the issue of additional assistance to grantees in their coordination and development of working relationships with State and local TANF agencies. ETA was surprised that none of what was outlined was included in the draft report.

In brief, ETA told OIG representatives that ETA was aware of this problem early on. It is not a Round One, Two or Three selection process issue. Rather, it reflects the much larger scale problem of the paradigm shifts necessary in order to take welfare recipients out of the income maintenance system and put them into the workforce development system where most Americans can look for and find work and career advancement. It means the creation of completely new roles and relationships between the TANF and WtW systems on the federal, State and local level. In the past, these systems have not worked closely together. ETA has been attempting to address this complex issue long before OIG's articulation of it as a selection process issue in its draft report.

ETA met with the Assistant Secretary of Health and Human Services for ACF Olivia Golden and the TANF Director to discuss the problem in Spring of 1999. All agreed upon having their regional offices (ETA and ACF) jointly convene TANF and WtW service providers at the State

and local levels nationwide into special problem solving conferences to identify ways they could more effectively work together.

As ETA explained during the OIG debriefing, the ETA/ACF strategy was to bring the WtW and TANF systems together immediately in local meetings across the country, thereby opening channels of communication and assuring that the Welfare-to-Work Grants Program legislative message of cooperation was reinforced. In addition, both agencies enlisted these local delivery systems into the creation of the joint guidance so that the product would be grass-roots developed, practical, and validated as achievable by those who would be expected to carry it out. It was understood by all that the outcomes of these regional meetings would be translated into joint guidance which would be issued simultaneously by both agencies.

In May of this year, the joint guidance was simultaneously issued by both agencies. It was entitled "Joint Guidance on Strategies to Enhance the Recruitment, Referral, Eligibility Determination, and Service Provision Processes Between Welfare-to-Work, Temporary Assistance for Needy Families, and Child Support Enforcement Entities." Both agencies continue to reinforce this message and cross train staff.

OIG Response

We acknowledge that ETA provided additional assistance in their coordination and development of working relationships with State and local TANF agencies. Despite these efforts, grantees expressed to the OIG that problems continue to exist. ETA needs to continue providing additional assistance and its expertise.

ETA Comments

Items 2 and 3. In regards to the finding on terminology and criteria, and the training sessions, as the OIG knows, all WtW funds authorized by Congress have been distributed so that ETA will not be writing additional WtW solicitations nor holding additional WtW bidders' conferences. ETA described in detail to your staff, during debriefing, how according to ETA's principle of continuous improvement we incorporated all learning from each previous competition into the next. The full extent to which ETA made these efforts increasingly user friendly is not captured in the report. For our third and final competition:

- ETA held five procurement bidders' conferences nationwide over two weeks. These conferences were consciously and strategically spread across the country in easy-to-get-to central locales - New York City, Atlanta, Los Angeles, El Paso, and Detroit.*
- These conferences were held in non-traditional settings to attract more community-based*

organizations into the applicant pool. The sessions were held at an Historically Black College, at an Hispanic College, at a community-based organization itself, and at an employers headquarters (Con Edison headquarters in Manhattan - arranged for by a community-based organization, the National Puerto Rican Forum).

- To clarify concepts such as work first and innovation as well as to provide examples and opportunities for questions, these bidders' conferences included presentations by community-based organization winners from our previous WtW grant competitions. These current grantees were able to demonstrate concepts in practice by describing what they do and how they do it. This showcasing of successful grant features was included to assure that abstract ideas were made very clear through practical models.*
- The bidders' conferences were announced by hard copy, multi- color brochures which were provided to each of our Regional Offices (ETA and TANF) which distributed them to community- based organizations throughout their territory. The brochure was also posted on the WtW Internet Website.*
- The conferences were not announced in the Solicitation for Grant Award because final arrangements for nontraditional locations, and availability of successful Round One and Two grantee presenters were not yet confirmed. This information was posted on the Website and provided to our Regions as soon as it was confirmed.*
- In addition, WtW Office staff video recorded a generic bidder's conference in the Department of Labor's media center. This video was satellite broadcast to all community colleges throughout the country through an agreement with the American Association of Community Colleges. The broadcast was publicized by our Regional offices and via our Internet Website and by each of our regional offices. It is difficult to understand how "many" grantees were unable to arrange to attend a telecast at a community college. We chose to use the community college system because it is nationwide, ubiquitous, and closely aligned to community- based organizations.*
- A special 25 page step-by-step publication entitled "Your Guide to Preparing a Quality Welfare-to-Work Competitive Grant Application" was created and provided to our Regional Offices for nationwide distribution prior to the bidders' conferences and the broadcast. The guide was also posted on and downloadable from our Internet Website. It was used as a follow along workbook for those attending the conferences or viewing the video.*
- After bidders conferences, questions and answers which surfaced were posted on the WtW Internet Website.*

Given available resources (no funds were authorized under the Balanced Budget Act of 1997 for

WtW Grants Program technical assistance - all dollars were programmatic and distributed to State and local venues) and the time frames necessary to mount this \$3 billion program (the issuance of regulations within 90- days, two nationwide Formula Grant planning and review cycles and three national competitions within the two years allowed for obligation of funds), we believe that ETA has done a remarkable job.

OIG Response

Again, we acknowledge that ETA took steps to incorporate lessons learned from previous competitions into the next rounds. However, in relation to ETA's training sessions (bidder's conferences), the majority of grantees told us that additional assistance could have been provided to prospective and actual grantees. This information is being provided to ETA for potential use in future grant application award processes.

ETA Comments

Item 4. As far as the OIG finding regarding the Website, immediately after the bidders' conferences, ETA posted a special questions and answers section reflecting what was covered at the conferences themselves. A conscious choice was made not to integrate this information into our topically organized regular question and answer system, so that all prospective bidders (whether they attended a conference or not, whether they saw the broadcast or not) could get the same information without having to search for it.

Since then, the special questions and answers have been integrated into our ongoing system. That system has been reorganized to become more user friendly based upon feedback received from grantees, and new entries are clearly identified as "new" with introductory language on the main page indicating the types of new information which has been posted.

We are unaware that there were particular technical difficulties with our Website during the competition. On the contrary, we received constant customer feedback on how much easier it was to get information via Internet than by calls to ETA's Grants Office (for which WtW is only one of hundreds of procurements they administer with hundreds of callers who often must leave their questions on voice mail). To increase the scope and pace of information sharing, ETA often took messages from the Grant Office's voice mail and turned them into questions and answers posted on the WtW Website system.

OIG Response

We acknowledge that ETA has taken several steps to improve the usability of the website. Based on our interviews with grantees, additional suggestions are being provided to assist ETA in its on going

effort to improving website usability.

ETA Comments

Item 5. Finally, regarding the issue of the GOTRs, although all GOTRs must got through training prior to undertaking their responsibilities, this finding and recommendation indicate that their training and preparation need to be improved. We will work with our Regional Offices to make changes to address this problem.

OIG Response

We commend ETA in taking initial steps to address this issue.

RECOMMENDATIONS:

We believe that ETA needs to consider the suggestions made by the grantees in order to improve the current WtW program and to become more timely, efficient and effective in future competitive grant award processes. We recommend that ETA:

1. Develop and implement a tracking system for each step of the grant application award process to identify issues affecting efficiency and effectiveness. **This recommendation is considered unresolved. To resolve this recommendation, please provide a copy of ETA's specific action plan for implementation of a tracking system by December 22, 2000.**
2. Provide additional assistance to grantees in coordinating and developing working relationships with State and local TANF agencies. **This recommendation is considered unresolved. To resolve this recommendation, please provide a copy of ETA's action plan for providing additional assistance to WtW grantees by October 27, 2000.**
3. Consider offering Bidders' conferences at additional locations and advertising the specific conferences in the SGA. **This recommendation is considered resolved. To close this recommendation, please provide a copy of ETA's action plan for publishing any future Bidders' conference locations in all SGA by December 22, 2000.**
4. Improve the organization of the various categories within the website and implement a system to adequately recognize and address any technical problems. **This recommendation is considered resolved. To close this recommendation, please provide a copy of ETA's action plan for updating and maintaining its WtW website by October 27, 2000.**
5. Instruct GOTRs to provide grantees with timely responses to their questions and concerns. We also recommend that ETA adequately define the role of the GOTR to grantees. **This recommendation is considered resolved. To close this recommendation, please provide a copy of ETA's action plan for improving GOTR assistance to grantees at the regional level by November 22, 2000.**

Contributors to this report:

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Appendix A
ETA's Written Response



SEP 22 2000

MEMORANDUM FOR: JOSE M. RALLS

FROM: RAYMOND L. BRAMUCCI *Ray B.*

SUBJECT: Evaluation of the Welfare-to-Work Competitive
Grant Process (Rounds Two and Three)
Report No. 2E-03-386-0002

Thank you for the opportunity to review and respond to the subject draft report. The ETA offers the following comments:

Overall Comments

The report should note that despite the identified concerns, the Grant Management process was conducted in an effective manner. This seems to be obscured by the report's finding which states that "ETA could have been more effective in implementing the WtW grant award process." In addition, we observed that the evaluation was devoid of GOTR input, yet the report reflects negatively on the GOTRs involvement in the administration of the grants, based solely on comments received from selected grantees.

In the exit conference, we were surprised to hear that the OIG had decided to expand its mandate to cover ETA "assistance to prospective and actual grantees" versus the more singular focus of your Round One review on the selection process alone. Nonetheless, we are pleased to note your conclusion that "Overall, grantees expressed satisfaction with the services provided by ETA."

We are concerned, however, that your draft mentions that "several grantees told us that ETA could have provided more useful assistance during the competitive grant award process." One hundred and forty-one grant awards were made as a result of the Round Two and Three WtW competitions. While all of our customers are important to us, as well as their advice, it is unclear whether the "several" grantees you mention reflect an adequate picture of the universe of Round Two and Three awardees. It is of interest to us how many of the 141 were visited and expressed the need for more useful assistance.

OIG Finding 1A--Timeliness:

Grant processing time increased between Rounds One, Two and Three, which ultimately delayed the delivery of services to TANF recipients.

RESPONSE: The report failed to capture all of the explanations provided to the OIG evaluators, and, thus, rendered an unfounded conclusion. For example, it was explained that new requirements were added to Rounds Two and Three. Specifically, for each application that received a rating within the competitive range, Division of Federal Assistance was required, according to the SGA, to conduct a past performance review for these applicants. In Round Two, 348 of the 682 applications fell within this category. ETA sought confirmation of the applicants' performance history before making grant awards, and this took considerable time and effort. In addition, the report should consider the fact that ETA always has multiple and/or overlapping solicitations and other competing priorities which deplete staff resources and, thus, require the discretionary use of staff time for some activities over others.

The following are ETA's responses to the customers' feedback which were presented to us in the report:

OIG FINDING 1B--Assistance to Prospective and Actual Grantees:

1. Terminology and criteria such as Work First Principle and Innovation could have been more clearly defined.
2. Training sessions (bidders' conferences) could be localized, provided more frequently, and advertised in a more effective manner. These actions would allow more community-based organizations, who may have limited funding to travel to the session to attend.

RESPONSE: As you know, all WtW funds authorized by Congress have been distributed so that ETA will not be writing additional WtW solicitations nor holding additional WtW bidders' conferences. We described in detail to your staff, during debriefing, how according to ETA's principle of continuous improvement we incorporated all learning from each previous competition into the next. The full extent to which we made our efforts increasingly user friendly is not captured in your report. For our third and final competition:

- We held five procurement bidders' conferences nationwide over two weeks. These conferences were consciously and strategically spread across the country in easy- to- get- to central locales - New York City, Atlanta, Los Angeles, El Paso, and Detroit.
- These conferences were held in non-traditional settings to attract more community-based organizations into the applicant pool. The sessions were held at an Historically Black College, at an Hispanic College, at a community-based organization itself, and at an employers headquarters (Con Edison headquarters in Manhattan - arranged for by a community-based organization, the National Puerto Rican Forum).
- To clarify concepts such as work first and innovation as well as to provide examples and opportunities for questions, these bidders' conferences included presentations by community-based organization winners from our previous WtW grant competitions. These current grantees were able to demonstrate concepts in practice by describing what they do and how they do it. This showcasing of successful grant features was included to assure that abstract ideas were made very clear through practical models.
- The bidders' conferences were announced by hard copy, multi-color brochures which were provided to each of our Regional Offices (ETA and TANF) which distributed them to community-based organizations throughout their territory. The brochure was also posted on the WtW Internet Website. The conferences were not announced in the Solicitation for Grant Award because final arrangements for nontraditional locations, and availability of successful Round One and Two grantee presenters were not yet confirmed. This information was posted on the Website and provided to our Regions as soon as it was confirmed.
- In addition, WtW Office staff video recorded a generic bidder's conference in the Department of Labor's media center. This video was satellite broadcast to all community colleges throughout the country through an agreement with the American Association of Community Colleges. The broadcast was publicized by our Regional Offices and via our Internet Website and by each of our regional offices. It is difficult to understand how "many" grantees were unable to arrange to attend a telecast at a community college. We chose to use the community college system because it is nationwide, ubiquitous, and closely aligned to community-based organizations.

- A special 25 page step-by-step publication entitled "Your Guide to Preparing a Quality Welfare-to-Work Competitive Grant Application" was created and provided to our Regional Offices for nationwide distribution prior to the bidders' conferences and the broadcast. The guide was also posted on and downloadable from our Internet Website. It was used as a follow along workbook for those attending the conferences or viewing the video.
- After bidders conferences, questions and answers which surfaced were posted on the WtW Internet Website.

Given available resources (no funds were authorized under the Balanced Budget Act of 1997 for WtW Grants Program technical assistance - all dollars were programmatic and distributed to State and local venues) and the time frames necessary to mount this \$3 billion program (the issuance of regulations within 90-days, two nationwide Formula Grant planning and review cycles and three national competitions within the two years allowed for obligation of funds), we believe that ETA has done a remarkable job.

3. The Website could have been organized in a more user friendly manner which would allow grantees to obtain needed information without having to search through information unrelated to their individual needs. Grantees told us that the information could have been organized by topical areas. Further, many grantees complained that the Website was frequently inaccessible due to technical difficulties.

RESPONSE: Immediately after the bidders' conferences, ETA posted a special questions and answers section reflecting what was covered at the conferences themselves. A conscious choice was made not to integrate this information into our topically organized regular question and answer system, so that all prospective bidders (whether they attended a conference or not, whether they saw the broadcast or not) could get the same information without having to search for it.

Since then, the special questions and answers have been integrated into our ongoing system. That system has been reorganized to become more user friendly based upon feedback received from grantees, and new entries are clearly identified as "new" with introductory language on the main page indicating the types of new information which has been posted.

We are unaware that there were particular technical difficulties with our Website during the competition. On the contrary, we received constant customer feedback on how much easier it was to get information via Internet than by calls to ETA's Grants Office

(for which WtW is only one of hundreds of procurements they administer with hundreds of callers who often must leave their questions on voice mail). To increase the scope and pace of information sharing, ETA often took messages from the Grant Office's voice mail and turned them into questions and answers posted on the WtW Website system.

4. **ETA could have provided additional assistance to grantees in their coordination and development of working relationships with State and local TANF agencies. We were told by many grantees that TANF agencies inhibited the overall effectiveness of the WtW program by withholding referrals and serving clients themselves. Ultimately, this results in TANF recipients being denied the maximum assistance and services available to them. Furthermore, the grantees face additional obstacles in meeting their established goals and objectives under their WtW grant.**

RESPONSE: In the OIG debriefing, ETA described the process it undertook to address this issue. We were surprised that none of what we outlined was included in the draft report.

In brief, we told OIG representatives that we were aware of this problem early on. It is not a Round One, Two or Three selection process issue. Rather, it reflects the much larger scale problem of the paradigm shifts necessary in order to take welfare recipients out of the income maintenance system and put them into the workforce development system where most Americans can look for and find work and career advancement. It means the creation of completely new roles and relationships between the TANF and WtW systems on the federal, State and local level. In the past, these systems have not worked closely together. ETA has been attempting to address this complex issue long before OIG's articulation of it as a selection process issue in its draft report.

I along with the Director of the Division of WtW met with the Assistant Secretary of Health and Human Services for Administration for Children and Families (ACF) Olivia Golden and the TANF Director to discuss the problem in early 1999. All agreed upon having their regional offices (ETA and ACF) jointly convene TANF and WtW service providers at the State and local levels nationwide into special problem solving conferences to identify ways they could more effectively work together.

As we explained during your debriefing, the ETA/ACF strategy was to bring the WtW and TANF systems together immediately in local meetings across the country, thereby opening channels of communication and assuring that the Welfare-to-Work Grants Program legislative message of cooperation was reinforced. In addition, both agencies enlisted these local delivery systems

into the creation of the joint guidance so that the product would be grass-roots developed, practical, and validated as achievable by those who would be expected to carry it out. It was understood by all that the outcomes of these regional meetings would be translated into joint guidance which would be issued simultaneously by both agencies.

In May of this year the joint guidance was simultaneously issued by both agencies. It was entitled "Joint Guidance on Strategies to Enhance the Recruitment, Referral, Eligibility Determination, and Service Provision Processes Between Welfare-to-Work, Temporary Assistance for Needy Families, and Child Support Enforcement Entities." Both agencies continue to reinforce this message and cross train staff.

5. **ETA's Grant Officer's Technical Representatives (GOTRs) can provide more effective assistance. Many grantees told us that the GOTRs did not always provide timely responses to their questions and concerns. Several grantees told us that ETA has not adequately defined the role of the GOTR.**

RESPONSE: Although all GOTR's must go through training prior to undertaking their responsibilities, this finding and recommendation indicate that their training and preparation need to be improved. We will work with our Regional Offices to make changes to address this problem.